

**High Level Parliamentary Conference on Policy Coherence for Development and Migration,
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Opening remarks, Deputy Secretary-General, Mr Mario Amano, OECD

It is a great pleasure to be here at the European Parliament. Let me first join President Pöttering and Commissioner Wallström in stressing the importance of the role of parliamentarians discussing and promoting coherent policies in support of development.

The topic of policy coherence for development and migration is a particularly important one in these challenging times as both developed and developing countries grapple with the economic and financial crisis and the rapid rise of unemployment. Coherence for development is difficult even in good times, so we need to double our efforts to manage it well in bad times. The OECD is doing its part to contribute to the global effort to respond to the crisis. We have recently released our Strategic Response to the Financial and Economic Crisis, outlining our efforts to help governments address the crisis and seize the opportunity to build a stronger, cleaner and fairer world economy.

The impact of the crisis on developing countries will affect economic recovery in the OECD area and advances in reducing poverty may unravel. Our Secretary-General Mr Gurria, who very much regrets that he could not attend this Conference, and the DAC Chair Mr Deutscher, called last October the main aid donors to stand by their development pledges despite the economic slowdown. Governments belonging to the DAC agreed to maintain aid flows in line with their commitments. Avoiding protectionism and keeping world trade open are other key elements for sustaining growth and development. I should stress that development aid is a very important part of development, but it is increasingly only one part of the picture.

Why is policy coherence for development important?

Let me start by a few words about what we mean by Policy Coherence for Development and why we think it is an increasingly important issue for politicians.

In an interdependent global economy the impacts of policies put in place by OECD countries and by emerging powers such as Brazil, China and India are especially likely to have a global reach. Hence, to meet the challenge of reducing global poverty, governments need to ensure that their policies on issues which go “beyond aid” are supportive of - or at least do not undermine - their development policies. This is the policy coherence for development agenda.

You as politicians know well that in national debates concerns such as enhancing security or boosting national competitiveness often take priority over poverty reduction. For policy-makers seeking to balance the interests of diverse interest groups the necessity of policy coherence for development may not be obvious. We need to also acknowledge that fully coherent policies may not be politically feasible. But incoherent policies are inefficient and ineffective no matter which objective takes priority. And incoherence has a cost for our tax payers and the poor in developing countries.

Moreover neglecting the development dimension is short-sighted and will in time undermine the pursuit of other objectives, such as long-term security or environmental goals. As the OECD's Development Co-operation Report for 2007 puts it, all countries "have a common interest in developing countries achieving sustainable and broad-based development".

Examples of policies that undermine development objectives exist, in relation to issues such as agricultural subsidies, climate change, the over-exploitation of fisheries, and to some extent the international mobility of health professionals and the maintenance of trade restrictions.

The OECD has played a pivotal role in promoting policy coherence for development since the early 1990s. The OECD has explained the important contribution PCD can make to enhance development effectiveness, and provided analysis of the "development dimension" in trade, agriculture, migration etc. Peer learning and peer pressure have been effective tools to promote PCD. In June last year the OECD ministers adopted the Ministerial Declaration on Policy Coherence for Development. In the EU language this means that PCD is now OECD *acquis*. The Declaration reinforces the point that policy coherence for development is a key component in responding to global challenges in a sustainable manner. Ministers reaffirmed their commitment to continue efforts to ensure that development concerns are taken into account in areas such as migration.

Migration and policy coherence for development

And why is migration relevant for PCD? First, because comprehensive policies can increase the expected benefits of migration in terms of developmental outcomes. Secondly, migration exemplifies some of the major political challenges for countries seeking to make further progress towards PCD.

Well-managed labour migration can be advantageous for destination countries; it can also bring significant benefits to origin countries. Remittances have been shown to significantly improve the welfare of those who receive them and to be used for investment in education and health. Returns to origin countries can be associated with transfers of knowledge and technology, investment in business activities and on labour markets in the home countries.

It is self evident that the magnitude of the contribution varies widely across countries. It is largest in small countries where migrants make up a large share of the population - as in some African, Central American, Caribbean and Pacific Island countries - and where remittances make up a sizeable proportion of GDP. In other countries, the effects are much more local. Remittances are part of private flows and thus their use depends on private decisions. But these decisions are also driven by national social, political and economic factors.

We should also keep in mind that growth may increase employment opportunities in developing economies, but might not reduce emigration in the short term, as more households can afford to move. So, in fact, economic success might well be accompanied by *more* international migrants.

Consequently, migration is one among many channels through which OECD country policies can affect development. It is in this sense that migration policies are relevant to discussions of policy coherence for development.

Migration and the financial and economic crisis

Three concrete outcomes related to the economic crisis can be mentioned: the integration of immigrants into the labour market, remittances and the net migration flows.

Past experience has shown that immigrants are among those hardest hit in the labour market during a downturn. They are overrepresented among job losers. Immigrants are also at a higher risk compared to native-born jobseekers of experiencing worse employment outcomes when the recovery finally gets underway.

The extraordinary growth of remittances observed in recent years has slowed or even reversed in some countries. At the same time it appears that remittance flows remain less volatile than export revenues or capital flows, which have plummeted far more rapidly. Yet, less remittances will surely make things harder for the families and communities back home.

Will more migrants be tempted to go home? Poorer employment prospects in OECD countries might lead us to expect that, but then again employment prospects are also deteriorating back home for many migrants. Evidence suggests that it is the gap between the two – opportunities at home and opportunities abroad – that drives migration decisions, and it is not yet clear whether the crisis is widening that gap or not. On net migration flows, some countries show signs of decline in temporary labour migration, and evidence of return migration remains limited.

OECD countries will still need migrant labour - even after the crisis

The economic crisis has made labour migration a lower priority in OECD countries. Ageing, however, will not go away and the expected labour needs will likely reassert themselves with the recovery. OECD countries need to keep in mind that to confront the challenges of ageing, they have to get every able hand of working age to work: to extend retirement ages; to reverse the explosive growth of their sickness and disability lists of beneficiaries; to improve and increase adult education and life-long learning and to increase productivity by every possible means.

And they will have to resort to, or continue to rely on, and in many cases increase their reliance on immigrant labour. It is an inevitable path which makes it imperative and urgent to have a working, functional, and long term policy about migrant labour. The crisis only reinforces this conclusion.

Finally, one word on public debate. The public discourse on migration relayed by politicians and governmental spokesmen has to be exemplary. This does not mean censoring bad news, but it does mean transmitting to the general population appropriate messages about the positive contributions of immigrants to economic and social life. It is all too easy for some public figures to convey subtle pejorative messages about immigrants, to win public favour and comfort certain individuals in their discriminatory behaviour.

It is the role of parliamentarians and organisations like the EU and OECD to be forward-looking. We all know that the best decisions are not made in the midst of a crisis - though they must be made. It is our job to think ahead. The impact of the crisis on migration, and the measures under consideration to address this are key. We are seeing this daily as social unrest becomes more palpable.

Debates such as the one we are having today - amongst politicians from various countries and continents - are an important element of building wider alliances and learning from others. It also underlines that migration is a global phenomenon that necessitates global responses. I hope this will be a yet another step of joint OECD – EU co-operation here at the European Parliament to address challenges of global reach.

Thank you for your attention.